

Directive No. 45

**AUTOMOBILE LIABILITY & PHYSICAL
DAMAGE INSURANCE**

July 29, 1983

According to information that this Department has received, in many cases insurers are abandoning automobiles that have been involved in an accident and on which they afford insurance coverage, to the operators of towing services or salvage yards. Largely, this is being done without any assistance to the towing services or salvage yard in obtaining a valid and marketable title to the wrecked automobile or "salvage" and without paying for towing services.

It is the position of this Department that no insurer should abandon salvage to the operators of salvage operations or towing services. Insurers should not use this device to mitigate their losses, in either the case of vehicle physical damage or liability situations. Generally speaking, an insured under either type of coverage is required to take what ever steps that are necessary to protect the damaged property, or the public safety, after an accident. Reasonable expenses incurred as a result of those obligations should be the responsibility of the insured and insurer equally. Bear in mind that the insurer also benefits from prompt removal of the damaged property to a place of safe keeping.

Therefore, I am at this time directing that all insurers doing business in this state take whatever steps that may be necessary to prevent or minimize the losses that occur from abandoned property. This entails payment of reasonable charges for towing and/or storage and assistance to obtain a valid and marketable title for operators of towing services and salvage yard operators.

Please notify your claims personnel of this directive immediately, and advise me when it has been done.

Sherman A. Bernard
COMMISSIONER OF INSURANCE